ACID RAIN PROGRAM PERMIT

Dynegy Midwest Generation, Inc.

Attn: Kristopher Coombs, Designated Representative

2828 North Monroe Street Decatur, Illinois 62526-3269

<u>Oris No.</u>: 897

IEPA I.D. No.: 183814AAA

Source/Unit: Vermilion Power Station/Units 1 and 2

Date Received: December 10, 2003

Date Issued: March 21, 2005

Effective Date: January 1, 2005 Expiration Date: December 31, 2009

STATEMENT OF BASIS:

In accordance with Titles IV and V of the Clean Air Act, the Illinois Environmental Protection Agency is issuing this Acid Rain Program Permit to Dynegy Midwest Generation, Inc. for its Vermilion Power Station.

SULFUR DIOXIDE (SO₂) ALLOCATIONS AND NITROGEN OXIDES (NO_x) LIMITS FOR EACH AFFECTED UNIT:

	SO ₂ Allowances,	2005	2006	2007	2008	2009
UNIT 1	under Tables 2, 3, or 4 of 40 CFR Part	2,835	2,835	2,835	2,835	2,835
	73*	ŕ	ŕ	ŕ	ŕ	ŕ
NO _x Limit See Provisions for NO _x Averaging Plan, B					Below	

	SO ₂ Allowances,	2005	2006	2007	2008	2009
UNIT 2	under Tables 2, 3, or 4 of 40 CFR Part 73*	3,831	3,831	3,831	3,831	3,831
NO _x Limit See Provisions for NO _x Averaging Pla						Selow

^{*} Also includes return of repowering deduction of 1 allowance for each unit, which was returned by USEPA on October 30, 2000.

NO_X EMISSIONS AVERAGING PLAN

Pursuant to 40 CFR 76.11, the Illinois EPA approves a NO_x emissions averaging plan that includes the above affected units, effective for calendar years 2005 through 2009 (attached). Under this plan, except as provided below, the NO_x emissions of Vermilion Units 1 and 2, each shall not exceed the annual average alternative contemporaneous emission limitation of 0.50 lb/mmBtu. In addition, Vermilion Units 1 and 2 shall not have an annual heat more than 5,000,000 mmBtu and 7,000,000 mmBtu, respectively.

Under this plan, the actual Btu-weighted annual average NO_x emission rate for the units in the plan shall be less than or equal to the Btu-weighted annual average NO_x emission rate for the same units had they each been operated during that calendar year in compliance with the applicable emission limitation under 40 CFR 76.5, 76.6, or 76.7. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11(d)(1)(ii)(A)) is met for a year under the plan, then the units covered by the plan shall be deemed to be in compliance for that year with their alternative contemporaneous annual emission limitations and any annual heat input limits.

PERMIT APPLICATION: The permit application, including the NO_x Compliance Plan and NO_x Averaging Plan, is attached and incorporated as part of this permit. The owners and operators of this source must comply with the standard requirements and special provisions set forth in the application.

COMMENTS, NOTES, AND JUSTIFICATIONS: This permit contains provisions related to SO₂ emissions and requires the owners and operators to hold SO₂ allowances under the federal Acid Rain program to account for SO₂ emissions from the affected units. An allowance is a limited authorization to emit up to one ton of SO₂ during or after a specified calendar year. The transfer of allowances to and from a unit account does not necessitate a revision to the unit SO₂ allocations denoted in this permit (See 40 CFR 72.84).

This permit contains provisions related to NO_x emissions requiring affected units to comply with applicable emission limitations for NO_x under the Acid Rain program. Pursuant to 40 CFR 76.11, the Illinois EPA is approving a NO_x emission averaging plan that includes Vermilion Units 1 and 2 for calendars years 2005 though 2009. (The Illinois EPA is not approving the plan for 2010, which is beyond the term of the permit.) In addition to the described NO_x compliance plan, each unit shall comply with all other applicable requirements of 40 CFR Part 76, including the duty to reapply for a NO_x compliance plan and requirements covering excess emissions.

This permit does not affect the source's responsibility to meet all other applicable local, state and federal requirements, including state requirements under 35 Ill. Adm. Code Part 217 Subpart W, which addresses NOx emissions from Vermilion Units 1 and 2.

If you have any questions regarding this permit, please contact Kuni Patel at 217/782-2113.

Donald E. Sutton, P.E. Manager, Permits Section

Page 3

Division of Air Pollution Control

cc: Cecilia Mijares, USEPA Region V John Justice, IEPA Region 3



Acid Rain Permit Application

	For more information, see instructions and refer to 40 CFR 72.30 and 72.31					
	This submission is: 🔄 New	Revised				
STEP 1						
identify the source by plant name, State, and	Plant Name Vermillon		State IL	ORIS Code 897		
ORIS code.						

STEP 2

Enter the unit ID# for every affected unit at the affected source in column "a." For new units, enter the requested information in columns "c" and "d."

		6	d
Unt ID#	Unit Will Hold Allowances in Accordance with 40 CFR 72.9(c)(1)	New Units Commence Operation Date	New Units Monitor Certification Doodline
1	Yes		
2	Yes		
	Yee		
	Yes		
	Yee		
	Ves		
	Yes		

Permit Requirements

STEP 3

Read the standard requirements

 The designated representative of each affected source and each affected unit at the source shall:

(i) Submit a complete Acid Rain permit application (including a compliance plan) under 40 CFR part 72 in accordance with the deadlines specified in 40 CFR 72 30; and

(ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain permit application and issue or deny an Acid Rain permit;

(2) The owners and operators of each affected source and each affected unit at the source shall:

(i) Operate the unit in compliance with a complete Acid Rain permit application or a superseding Acid Rain permit issued by the permitting authority; and (ii) Heve an Acid Rain Permit.

Monitoring Requirements

(1) The owners and operators and, to the extent applicable, designated representative of each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR part 75.

(2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides under the Acid Rain Program.

(3) The requirements of 40 CFR part 75 shall not affect the responsibility of the owners and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements

(1) The owners and operators of each source and each affected unit at the source shall: (i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)), or in the compliance subaccount of another affected unit at the same source to the extent provided in 40 CFR 73.35(b)(3), not less than the total annual emissions of sulfur dioxide for the previous

calendar year from the unit; and
(ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
(2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for

sulfur dioxide shall constitute a separate violation of the Act.

(3) An affected unit shall be subject to the requirements under paragraph (1) of the sulfur

dioxide requirements as follows:

(i) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or

(ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an affected unit under 40 CFR 72.6(a)(3).

(4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking System accounts in accordance with the Acid Rain Program.

(5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1) of the sulfur dioxide requirements prior to the calendar year for which the allowance was allocated.

(6) An allowance allocated by the Administrator under the Acid Rain Program is a limited authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.5 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.

(7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

Plant Name (from Step 1)

STEP 3,

Nitrogen Oxides Requirements The owners and operators of the source and each affected unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements

 The designated representative of an affected unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR part 77.
 The owners and operators of an affected unit that has excess emissions in any calendar year shall:

(i) Pay without demand the penalty required, and pey upon demand the interest on that penalty, as required by 40 CFR part 77; and (ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements

(1) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or

(i) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated

(ii) All emissions monitoring information, in accordance with 40 CFR part 75, provided that to the extent that 40 CFR part 75 provides for a 3-year period for recordkeeping,

the 3-year period shall apply.

(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program; and,

(iv) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the

requirements of the Acid Rain Program.

(2) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Acid Rain Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

Liability

(1) Any person who knowingly violates any requirement or prohibition of the Add Rain Program, a complete Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to section 113(c) of the Act.

(2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.

(3) No permit revision shall excuse any violation of the requirements of the Acid Rain

Program that occurs prior to the date that the revision takes effect.

(4) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.

Vermillon Plant Name (from Step 1)

Step 3, Cont'd.

Liability, Cont'd.

(5) Any provision of the Acid Rain Program that applies to an affected source (including a provision applicable to the designated representative of an affected source) shall also a provision applicable to the designated representative of an affected source) shall also apply to the owners and operators of such source and of the affected units at the source. (6) Any provision of the Acid Rain Program that applies to an affected unit (including a provision applicable to the designated representative of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative. affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the designated representative.

(7) Each violation of a provision of 40 CFR parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative

of such source or unit, shall be a separate violation of the Act

Effect on Other Authorities

No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 shall be construed as:

(1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected course or affected unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards

or State Implementation Plans, (2) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any

other provisions of the Act;

(3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;

(4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,

(5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

Certification STEP 4

Read the certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name Kristopher Coombs	
Signature Kalomba &	Date /2/02/03

EPA Form 7510-18 (rev. 10-01)



Environmental Protection Agency Acid Rain Program

CMB No. 2000-0258

Phase II NO_x Compliance Plan Paper of For more information, see instructions and refer to 40 CFR 76.9 This submission is: New Revised Vermilion IL 897 ORIS Code 2 D# Т F. ×

26	Vermillion NO, Compliance - Page 2 hart Name (from Step 1) Page 2 of 2						
STEP 2, cont'd.	, 1	2	De	iDe .	D#	IDe	
T _x	Т	Туре	Туре	Tise	Туре	Type	
(m) EPA approved common stack apportingment restinod purposed in AU-SFR (4.17) (a)(2)(IHC), (a)(2)(IH(B), or (b)(2)							
ini AEL (include Phase II AEL Demonstration Period, Final AEL Patition, or AEL Renewal form as appropriate)							
(p) Person for AEL demonstration period or final AEL under review by U.S. EPA or Demonstration period ongoing							
(p) Representing extension plan approved or under review				0			

Read the standard requirements and certification, enter the name of the designated representative, skip 2

Standard Requirements

General. This source is subject to the standard requirements in 40 CFR 72.9 (consistent with 40 CFR 76.8(a)(1)(1). Those requirements are listed in this source's Acid Rain Permit.

Special Provisions for Early Election Units

httmose Crides. A unit that is governed by an approved early election plan shall be subject to an emissions. Imitation for NO, as provided under 40 CFR 76.8(a)(2) escept as provided under 40 CFR 76.8(a)(8). Liability. The owners and operations of a unit governed by an approved early election plan shall be liable for any violation of the plan of 40 CFR 78.8 at that unit. The owners and operations shall be liable, beginning January 1, 2000, for fulfilling the obligations specified in 40 CFR Part 77.

violation of the plan or 40 CFR 78.8 at that unit. The owners and operators shall be liable, beginning January 1, 2000, for fulfilling the obtainations specified in 40 CFR Part 77.

Termination. An approved early election plan shall be in effect only until the earlier of January 1, 2008 or January 1 of the calandar year for which a termination of the plan takes effect. If the designated representative of the unit under an approved early election plan falls to demonstrate compliance with the applicable emissions limited in under 40 CFR 78.5 for any year during the period beginning January 1 of the first year fire the early election lakes effect and ending Decamber 31, 2007, the permitting authority will terminate the plan. The termination will take effect beginning January 1 of the year after the year for which there is a feature to demonstrate compliance, and the ceasurescene representative ready election plan may terminate the plan any year prior to 2000 that may not submit a new early election plan. In order to terminate the plan, the designated representative must submit a notice under 40 CFR 72.40(d) by January 1 of the year for which the termination is to take effect. If an early election plan is terminated any year prior to 2000, the unit shall meet, beginning January 1, 2000, the explanation for NO, for Phase II units with Group 1 before under 40 CFR 78.7. If an early election plan is terminated on or after 2000, the unit shall meet, beginning a more effective date of the termination, the applicable emissions limitation for NO, for Phase II units with Group 1 before under 40 CFR 78.7.

Certification

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected write for which the outpresson is mode. I untilly under periody of law that I have personally overwheel, and are familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I contily that the statements and information are to the best of my knowledge and belief true, accounts, and complete. I am aware that there are significant panelties to submitting folias statements and information or criticing inquired statements and information, including the possibility of fine or imprisonment.

Kristopher Coombs						
Name						
Cigreture	Kalomilia de	Den 12/2/03				

Phase II NO_x Averaging Plan

This submission is: X New Revised

Page 1 Page 1 of 2

STEP 1

Identify the units perticipating in this everaging plan by plant name, State, and boiler 10% from NADS. In column (a), fill in each unit's applicable emission limitation from 40 CFR 76.6, 76.6, or 76.7. In column (b), seeign an alternative contemporarreque contemporareous contemporareous contemporareous contemporareous contemporareous librimenBtu to each unit. In column (c), assign an annual heat input limitation in mmBtu to each unit. Continue to page 3 if necessary.

Plant Name	State	IDE	(a) Emission Unitation	(b) AGEL	(c) Annual HeatInput Limit
Hennepin	IL	1	0.40	0.40	4,000,000
Hennepin	IL	2	0.45	0.40	15,000,000
Vermilion	IL	1	0.45	0.50	5,000,000
Vermilion	IL	2	0.45	0.50	7,000,000

STEP 2

Lise the formula to enter the Bitu-weighted annual order the units if they are operated in accordance with the proposed averaging plan and the Bitu-weighted annual system operated in compliance with a CFR 78.5, 76.6, or 76.7. The former must be less than or equal to the letter.

Biu weighted arrupt average emission rate for same units operated in compliance with 40 CFR 76.5, 76.6 or 75.7 Blu-weighted annual emission rate averaged over the units if they are operated in accordance with the proposed averaging plan 0.44 0.44 $(R_{Li} \times HI_i)$ Where.

- Alternative contemporaneous annual emission limitation for unit i, in lb/mmBtu, as specified in column (b) of Step 1:
 Applicable emission limitation for unit i, in lb/mmBtu, as specified in column (s) of Step 1:
 Annual heat input for unit i, in mmBtu, as specified in column (c) of Step 1:
 Number of units in the averaging plan RLI

- н,

	Vermition Flant Name (from Step 1)	NO, Averaging - Page 2				
SIEF3	★ This plan is effective for calendar year 2005	through calendar year				
Mark one of the two options and enter dates.	unless notification to terminate the plan is given.					
and annur annur	Treat this plan as identical plans, each effective	e for one calendar year for the following				
	calendar years:	and unless notification to terminate				
	one or more of these plans is given.					
STEP 4	Special Provisions					
Read the special	Emission Limitations					
provisions and certification, enter the name of the decignated	Each affected unit in an approved averaging plan is in compl under the plan only if the following requirements are m	al.				
representative, and sign and date.	(i) For each unit, the unit's actual annual average emission rate for the calendar year, in lohmm2tu, is less than or equal to its atternative concemporaneous armust emission limitation in the averaging plan, and (a) For each unit with an alternative contemporaneous emission limitation less stringent than the applicable emission limitation in 40 GFR 76.5, 76.5, or 76.1, the autual annual heat input for the calendar year does not exceed the					
	annual heat input limit in the averaging plan, (b) For each unit with an alternative contemporaneous em emission limitation in 40 CFR 76.5, 78.6, or 78.7, the actual a	ission limitation more stringers then the applicable nnual heat input for the calendar year is not less than				
	Use seminal heat input limit in the everaging plan, or (i) If one or more of the units does not meet the requirements of in accordance with 40 CFR 78.11(d)(1)(d)(4) and (5), that the for the units in the plan is less than or equal to the Bruweight each been operated, during the same period of time, in complice	tert somulal average rate for the same units had they				
	76.5, 76.6, or 76.7. (ii) Hithere is a successful group showing of compliance univeer, then all units in the averaging plan shall be deemed to contemporaneous emission limitations and annual her	der 40 CFR 76.11(d)(1)(i)(A) and (B) for a calendar be in compliance for that year with their alternative				
	Liability					
	The owners and operators of a unit governed by an approve plan or this section at that unit or any other unit in the plan, in part 77 of this chapter and sections 113 and 411 of the	d enemals up plan shall be lieble for any violation of the cluding liebility for fulfilling the abligations specified in a Act.				
	Termination					
	The designated representative may submit a notificative accordance with 40 CFR 72.40(d), no later than Octob to be terminated.	on to terminate an approved averaging plan, in ser 1 of the calendar year for which the plan is				
	Certification					
	I am authorized to make this submission on behalf of the ow units for which the submission is made. I untilly under pen familiar with, the statements and information submitted in the logicy of those includes with primary responsibility for obs- information are to the best of my knowledge and belief the sty should penalties for submitting habe statements and inform- including the possibility of fine or imprisonment.	any or man that it have personally an area that he document and all its attachments. Based on my printing the information, I certify that the statements and a securities and committee it am sware that there are				
	Keintenber Coombe					
	Signature Kalennia Si	Date 12/2/03				